

**Gila Bend Unified School District**

**Not in compliance with the Uniform System of Financial Records (USFR)**

**List of deficiencies for the year ended June 30, 2023**

**Governing board/management procedures - The governing board and District management should establish and implement procedures as required by Arizona Revised Statutes (A.R.S.) to ensure their oversight duties are met.**

	<b>Question</b>	<b>Deficiency</b>
1.	The District annually obtained conflict-of-interest (COI) forms that allowed governing board members and employees to make known and fully disclose a COI in any contract, sale, purchase, service, or decision, and prior to accepting the forms, management reviewed the information to ensure governing board members and employees properly completed the form and sufficiently disclosed the required information. A.R.S. §§38-502 and 38-503	The District did not obtain COI forms from employees and a board member.
2.	The governing board appointed a student activities treasurer and, if applicable, assistant student activities treasurers. A.R.S. §15-1122	The District did not maintain documentation showing the governing board appointed a student activities treasurer.
3.	The governing board approved student clubs' and organizations' fund-raising events. A.R.S. §15-1121 and Attorney General Opinion I84-018	For all 9 student activity cash receipts tested, documentation was not maintained to support that the fundraising events were approved by the governing board.

**Accounting records - The District should accurately maintain accounting records to support the financial information it reports and follow processes and controls that reduce the risk of undiscovered errors that would affect the reliability of information reported to the public and oversight agencies.**

	<b>Question</b>	<b>Deficiency</b>
1.	The District sequentially numbered journal entries and retained supporting documentation and evidence that journal entries were signed, dated, and approved by someone other than the preparer.	For 9 of 25 journal entries tested, the District did not provide evidence that journal entries were signed, dated, and approved by someone other than the preparer.

**Cash and revenue - The District should document and control cash transactions to safeguard monies, provide evidence of proper handling to protect employees involved in handling monies from unfounded accusations of misuse, and reduce the risk of theft or loss.**

	<b>Question</b>	<b>Deficiency</b>
1.	The District's deposits were made in a timely manner and supported by deposit slips or other deposit transmittal documentation.	For 3 of 25 cash receipts tested, deposits were not made in a timely manner.

# Gila Bend Unified School District

## Not in compliance with the Uniform System of Financial Records (USFR)

### List of deficiencies for the year ended June 30, 2023

Property control - The District should properly value, classify, and report land, buildings, and equipment on its stewardship and capital assets lists. In addition, the District should safeguard its property, which represents a significant investment of its resources, from theft and misuse.		
	Question	Deficiency
1.	The District's capital assets and stewardship items were identified as District property, properly tagged, and included on the corresponding list.	For 11 of 15 capital asset and stewardship items tested, items were not identified/tagged on the corresponding list.
2.	The District performed a physical inventory of all equipment at least every 3 years and reconciled the inventory results to the stewardship and capital assets lists upon completion.	The District did not maintain documentation of when the last full equipment physical inventory was performed. The date of the last inventory performed could not be determined.
3.	The governing board or authorized designee approved stewardship and capital asset items disposed of during the fiscal year, and the District removed the assets from the corresponding list and disposed of them in accordance with Arizona Administrative Code (A.A.C.) R7-2-1131.	The District did not maintain documentation that asset disposals were approved by the governing board.
Expenditures - The District should ensure spending approvals document both the allowable District purpose and confirmation that spending was within budget capacity or available cash, to ensure appropriate use of public monies and compliance with budget limits, and to protect employees from unfounded allegations of misuse.		
	Question	Deficiency
1.	The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in A.R.S. §§15-207, 15-304, 15-907, and 15-916.	For 9 of 38 disbursements tested, the invoice date was before the PO date.
2.	The District prepared an Advice of Encumbrance for levy funds based on the list of liabilities for goods or services received but not paid for by June 30, including payroll, and filed it with the county school superintendent by July 18. A.R.S. §15-906 (Districts authorized by A.R.S. §15-914.01 to participate in the accounting responsibility program should perform the duties as described in A.R.S. §15-304.)	The District did not prepare an Advice of Encumbrance.
Credit cards and p-cards - The District should control credit cards and p-cards to help reduce the risk of unauthorized purchases and approve purchases to ensure compliance with competitive purchasing requirements in the USFR and School District Procurement Rules.		
	Question	Deficiency
1.	The District issued and tracked possession of all District credit cards and trained employees who make credit card purchases or process transactions on the District's policies and procedures.	The District did not provide formal training to employees who made credit card purchases during the fiscal year.

# Gila Bend Unified School District

## Not in compliance with the Uniform System of Financial Records (USFR)

List of deficiencies for the year ended June 30, 2023

Procurement - The District should follow the School District Procurement Rules and USFR purchasing guidelines for purchases it makes to promote fair and open competition among vendors that helps ensure the District receives the best value for the public monies it spends.		
	Question	Deficiency
1.	The District requested at least 3 written quotes for purchases costing at least \$10,000 but less than \$100,000 and followed the guidelines prescribed by the USFR.	For 5 of 6 purchases between \$10,000 and \$100,000, the District did not maintain documentation that quotes were obtained, or the purchases were otherwise exempt from requiring quotes (e.g., sole source, cooperative purchase, etc.).
2.	The District properly procured expenditures that individually or cumulatively totaled over \$100,000.	The District did not have evidence that procurement was performed for 2 vendors that were paid over \$100,000 such as requests for proposals (RFP) or invitations for bids (IFB) or documentation that the purchase was otherwise exempt from requiring an RFP or IFB to be issued (e.g., sole source, cooperative purchase, etc.).
3.	The District provided training and guidance related to restrictions on soliciting, accepting, or agreeing to accept any personal gift or benefit with a value of \$300 or more. A.R.S. §15-213(N) and A.A.C. R7-2-1003	The District did not maintain training documentation on soliciting, accepting, or agreeing to accept any personal gifts or benefits during the fiscal year.
Payroll - The District should document the review, verification, and approval of payroll expenditures to ensure employees are appropriately compensated and payments to employees are supported by governing board approved contracts, pay rates, and terms of employment.		
	Question	Deficiency
1.	The District accurately calculated and in a timely manner remitted the alternative contribution rate payments to Arizona State Retirement system (ASRS) for all applicable positions filled by ASRS retirees.	For 1 of 25 employees tested, the District did not accurately calculate the ASRS alternative contribution rate.
Financial reporting - The District should accurately prepare its financial reports, including its Annual Financial Report (AFR), to provide the public and oversight bodies, including bond investors and district creditors, a transparent view of the District's financial position.		
	Question	Deficiency
1.	Budgeted expenditures reported on the AFR agreed with the District's most recently revised adopted expenditure budget.	The budgeted expenditures for Fund 071—English Language Learner (ELL) did not agree between the AFR and the latest revised budget.

Gila Bend Unified School District

Not in compliance with the Uniform System of Financial Records (USFR)

List of deficiencies for the year ended June 30, 2023

2.	Detailed source documents were traceable to the District's trial balance that was used to prepare the financial statements.	<p>The following errors in financial reporting were noted:</p> <ul style="list-style-type: none"> <li>• An audit adjustment was recorded for \$21,112 within the Student Activities Fund to properly record fund balance and revenues. The District inappropriately recorded the movement of cash from the County Treasurer to a local bank account as revenue when it should have been recorded as an adjustment to the fund balance classification.</li> <li>• Solar panel expenditures in the amount of \$26,335 were recorded in the fiscal year ending June 30, 2024, in error as the activity was incurred for the period ending June 30, 2023.</li> <li>• An audit adjustment of \$62,434 was recorded in Fund 374—E-rate to properly record revenues and expenditures related to the Service Provider Invoice vendor discount activity the District received during the current year that was not posted within the general ledger.</li> </ul>
3.	The District's website included its average teacher salary information required by A.R.S. §15-903(E) and a copy of or a link to the District's page from the most recent Arizona Auditor General District Spending Report.	A link to the most recent Arizona Auditor General's Spending Report was not posted on the District's website.

**Information technology (IT)- The District should adopt an IT security framework that aligns with credible industry standards and through that framework the District should implement controls that provide reasonable assurance that its financial and student data is accurate, reliable, and secure.**

	<b>Question</b>	<b>Deficiency</b>
1.	The District had incident response and contingency planning documents in place to restore or resume system services in case of disruption or failure that were reviewed and tested at least annually.	The District did not provide documentation of when the contingency plan was reviewed or tested during the current year.

**Records management - The District should protect and maintain its records, including hard copies and electronic files with student and employee data, and ensure that its records are disposed of securely in accordance with established time frames.**

	<b>Question</b>	<b>Deficiency</b>
1.	The District established and followed policies and procedures to properly protect, maintain, and dispose of personally identifiable information and confidential records, such as student and employee information and social security numbers. <a href="http://www.azlibrary.gov/records">www.azlibrary.gov/records</a>	Old records were maintained at the District that should have been properly disposed of.